United States
Department of
Agriculture

Office of
Governmental
and Public Affairs

# Major News Releases and Speeches

## Dec. 4-Dec. 18, 1981

## IN THIS ISSUE:

# Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

**Remarks by Richard E. Lyng Deputy Secretary of Agriculture U.S. Department of Agriculture Before the Mexico-U.S. Business Committee, Washington, D.C., Dec. 7, 1981**

**U.S.-Mexican Agricultural Relations**

Mr. Rockefeller and members of this committee, I appreciate this opportunity to meet with you to discuss the status of U.S. and Mexican agricultural relations.

Not only is Mexico one of our two closest neighbors, it is also a nation with which our country has very warm and friendly relations. When you remember that President Reagan and President Portillo met in Juarez even before the U.S. inauguration last January, you will recognize that this friendship is valued highly on both sides.

Mexico, with the largest Spanish speaking population in the world, plays a leadership role in Latin American development. Like the United States, it is dedicated to a future of world peace and stability. We are glad to have the opportunity to work with the Mexicans toward common goals, not only bilaterally, but in a number of international organizations.

Trade is one important facet of this relationship. It is one of the oldest forms of communication. It goes back to the Colonial eras in both countries. At present, trade between Mexico and the United States is growing rapidly, and this is certainly true of trade in agricultural products.

I don't have to tell a business-oriented group such as this about the importance attached to agricultural trade by both the United States and Mexico.

In the United States, farm exports are the leading growth sector for the entire economy. They sustain more than a million U.S. jobs, strengthen the dollar, cut tax costs for farm programs, and stimulate production of food for the benefit of all consumers.

Likewise, in Mexico, agricultural exports have long been a major provider of jobs and a key foreign exchange earner. In fact, agricultural

product sales were that country's chief source of foreign exchange until the discovery of its vast oil resources in the mid-1970's.

Until very recently, Mexico usually had an agricultural trade surplus with the United States. For example, a decade ago, Mexican agricultural sales to the U.S. were approximately twice the level of U.S. agricultural sales to Mexico.

However, the trade gap closed gradually until, in 1979, agricultural trade flows were balanced at about $1 billion in each direction. Succeeding years have seen a dramatic surge in U.S. exports as Mexico stepped up its agricultural imports dramatically to compensate for its drought-reduced crops. In fiscal 1981, U.S. sales reached a record $2.7 billion, making Mexico the third largest market in the world for U.S. farm products.

U.S. agricultural exports to Mexico may decline somewhat from last year's level in fiscal 1982, because of Mexico's excellent crop output in 1981 and its tighter foreign exchange position due to smaller petroleum exports. Nevertheless, Mexico is still expected to remain a $2-billion customer for U.S. farm products and continue to be one of our biggest trading partners.

U.S. farmers and other workers in related industries have certainly benefitted from the large and growing agricultural trade with Mexico. It is estimated that the output of two out of every five acres harvested in the United States moves into export. Mexico alone accounted for over 6 percent of the total value of U.S. agricultural shipments in 1981.

However, Mexico has also benefited from imports of U.S. agricultural products. The 17.5 million tons of U.S. food and feed grains and oilseeds exported to Mexico in the past two years have helped that country maintain and improve its citizens' dietary standards in the face of drought-reduced domestic agricultural production and sizable population gains.

**Trade Problems**

While continued growth in U.S.-Mexican agricultural trade seems likely, so too are trading problems.

For example, because Mexico's agricultural trade policies are based on that country's drive to achieve self-sufficiency in basic foodstuffs,

Mexico imposes high tariffs on most imported items, and requires import licenses for nearly all.

Typically, these licenses are not issued if products compete with those produced locally and domestic supplies are deemed sufficient. Foodstuffs considered luxury items (which include many canned or processed goods) are also frequently refused the necessary licenses.

The successful penetration of Mexican agricultural products into U.S. markets has also caused problems. Since Mexico has essentially the same climate as the southern United States, lower production costs (especially lower labor costs) have given Mexican producers a competitive advantage in the production of many commodities exported to the United States in the past. There are indications, however, that the disparity in labor costs is narrowing in several sectors.

Problems have arisen over a wide range of commodities, but the most intransigent have involved Mexican exports of winter vegetables, especially tomatoes, cucumbers, eggplant, squash and green peppers. The latest disagreement between Florida growers of these items and Mexico has yet to be resolved in the courts.

Another area of concern stems from the fact that Mexico has not signed the Subsidies Countervailing Duty Code which was negotiated in the 1979 Tokyo Round of Multilateral Trade Negotiations. As such, Mexico does not benefit from the test of material injury provision of the U.S. countervailing duty law.

While Mexican producers remain concerned over their lack of injury test, U.S. farm interests fear that the U.S. government might exempt Mexico from the noinjury provision of the U.S. countervailing duty law. This could have serious repercussions on the U.S. horticultural industry.

The lack of a prior notification and consultation mechanism for handling new or modified Mexican trade measures also continues to concern U.S. exporters.

The need for such a mechanism was underscored in 1980 when trade in pork and pork products and hides and skins was temporarily suspended by Mexico without official notification to the United States of the action or how it would be implemented.

**Procedures for Resolving Differences**

In order to address such problems, the United States and Mexico have set up a joint trade commission whose purpose is to provide a workable forum through which U.S.-Mexican trade issues may be discussed and we hope resolved. The commission is one tangible result of President Reagan's and Mexican President Jose Lopez Portillo's meeting in Camp David last June.

During its inaugural meetings in September, the Commission considered several items of interests to U.S. agriculture. These included:

—Greater access for U.S. agricultural commodities: The United States noted three problems areas—high quality beef, deciduous fruit, and tree nuts—where longstanding import restrictions did not seem economically justified and where liberalization would benefit both Mexican consumers and producers of similar commmodities. Further discussion of these product areas is slated for the next commission meeting.

—Notification/consultation: Both sides agreed that the commission meetings will provide a regular forum for discussing access problems.

—Transportation: Mexico has agreed to the establishment of a technical working group to discuss transportation issues of mutual interest, particularly border trade transfers.

—Subsidies/countervailing duties: Both sides agreed to continue discussing ways to rationalize Mexico's development programs with U.S. subsidy/countervailing duty laws.

While no problems were resolved at the September commission meeting, it did establish new lines of communication between trade policy officials in the two countries. And I think all of us are optimistic that future meetings will strengthen our trading relationship and lead to the resolution of our mutual trade problems.

**Cooperative Programs**

Even before the Trade Commission was established, our two countries had achieved an unprecedented level of cooperation in coordinating the movement of the record quantities of U.S. grains and oilseeds shipped under the supply agreements of 1980 and 1981.

At the outset, it appeared that Mexico's rail system and port facilities might not be able to handle the increased volume. Severe bottlenecks occurred at border crossing points, and the delays resulted in some spoilage and high demurrage costs.

However, through close cooperation—and the use of 100-car unit trains—almost 1 million tons of grains and oilseeds were crossing the U.S.-Mexican border monthly by July 1980. Also, freight car movements in and out of Mexico were aided by more efficient custom and inspection procedures on both sides of the border.

That kind of close cooperation is spilling over into other areas, too.

The United States and Mexico are cooperating on an extensive scientific research and exchange program involving the production of livestock and conventional crops, the screening of new crops, and agricultural education and training. Thus far, we have worked together on some 40 projects in the areas of arid land forage, animal production and health, and plant production, and remote sensing.

**Role of U.S. and Mexican Agribusiness**

Needless to say, the United States welcomes the opportunity for increased trade with Mexico. However, under the U.S. system, government is only one link in the agricultural export chain. We in the government can help, but more than anything else, successful and cordial trading relationships between our two countries will require the determined efforts of producers, processors, distributors, and shippers on both sides of the Rio Grande.

We are going to need to get better informed about each other's agricultural policies and problems—so that we can develop a greater sensitivity to the internal pressures in each country that sometimes cause friction. It will be the responsibility of all of us in this room to resolve our trade problems before they become trade conflicts.

The United States and Mexico are becoming increasingly interdependent in agricultural trade. I am confident that, recognizing our common interests, we can maintain and strengthen this solid and dependable trade relationship in the 1980's.

#

# Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

**Statement by Richard E. Lyng, Deputy Secretary of Agriculture, U.S. Department of Agriculture, before the Foreign Agricultural Policy Subcommittee of the Senate Agriculture Committee, Dec. 10, 1981**

I am pleased to appear before this subcommittee to discuss U.S. agriculture's relationship with the European Community, a group of nations with which this country has close cultural, economic and, for substantial numbers of Americans, ancestral ties.

The United States had supported European unification long before the Treaty of Rome was signed in 1957 to create the European Community and has supported the Community since. It is, in the view of this and preceding administrations, an important vehicle for peaceful resolution of European problems, for stimulating economic growth and for mutual protection.

To achieve economic integration in the member countries, the drafters of the Treaty of Rome included the gradual establishment of a customs union to free up trade between member countries and to establish a common tariff on imports from countries outside the Community.

However, there was no assurance that this customs union, or Common Market, would extend to agriculture unless some means could be found to bring some uniformity and centralization to the agricultural programs of the member nations.

Countries such as France and the Netherlands, with a strong interest in agricultural exporting, and Germany, with an influential rural population, pressed for such assurance.

As a result, the Treaty of Rome laid the basis for a Common Agricultural Policy, or CAP, for the six member countries. The objective of the CAP was to increase farm productivity, stabilize markets, ensure a fair standard of living for farmers, guarantee regular supplies and ensure reasonable prices for consumers.

No one could quarrel with those objectives. However, the means used to achieve them have become a matter of increasing concern to the United States.

Before discussing these concerns, it might be helpful to summarize the operating principles of the CAP.

The CAP regulations, which now cover nearly all EC agricultural products, involve three principles: (1) Community preference, (2) common pricing, and (3) common financing.

Community preference for EC products is established by a system of EC import tariffs and by variable import levies which make up the difference between world market prices and the high minimum support prices set by the EC. This insulates EC agriculture from the effects of world market prices.

The second principle—common pricing—requires the price of an agricultural commodity to be the same throughout the EC, regardless of national duties or subsidies. A system of offsetting border taxes and compensatory amounts has been devised in an effort to equalize prices within the EC when currency exchange rates fluctuate.

Farm support prices are set by the EC Commission and are guaranteed to producers by intervention prices—the price at which an intervention agency in each country is obligated to buy a particular commodity.

Under the CAP, the Community also subsidizes the production of processed fruits and vegetables, most oilseeds, and a variety of other products.

The cost of the CAP is shared among the member states under the third principle—common financing—using a mechanism called the European Agricultural Guidance and Guarantee Fund. One section of this fund finances market support expenditures such as intervention buying, storage costs and export subsidies. Another section finances internal programs aimed at improving the structure of agriculture.

We do not quarrel with the objectives of the Common Agricultural Policy, but we do have problems with the way it is being implemented. These can be summarized in two basic concerns.

First, farm price support levels were set high in the beginning and they have been kept high enough to encourage a continual increase in production in all member countries. In the major agricultural products no limit has ever been placed on the amount of production that would benefit from support.

Second, the CAP was implemented so as to completely insulate the European Community market from the rest of the world. There are no brakes on production, which is encouraged to rise even when the world market is depressed. Any resulting surpluses are moved onto the world market with export subsidies, which puts the price-depressing burden of additional supplies on the world market rather than the EC market. And the generation of surpluses is exacerbated by keeping prices high so that there is no inducement for EC consumers to absorb any of the surplus.

In short, our problems with the CAP stem primarily from too much protection encouraging too much production which is then exported through the use of subsidies. The system does not let market conditions influence either production or consumption.

This policy has hurt U.S. agricultural trade. It is true that U.S. farm exports to the Community have risen since the CAP was inaugurated, reaching a record $8.9 billion last calendar year. However, U.S. agricultural exports to the Community represent an increasingly smaller share of total U.S. agricultural exports. The EC market accounted for one-fourth of the value of our total farm exports in 1975; this had declined to one-fifth by 1980. This has been the result of internal EC policy, not basic economic forces.

The trade damage is substantial in grains, the largest category of U.S.farm exports. U.S. exports of grain products to the Community dropped in value from $2.2 billion in 1975 to $1.7 billion in 1980, and the tonnage declined from 15.6 million to 11.5 million tons.

Feed grains exports, mostly corn, declined from 13 million tons in 1975 to 9.4 million tons in 1980 while wheat exports fell from 2.5 million tons to 1.5 million.

The decline in corn exports reflects both an increase in EC production and a declining rate of growth in feed grain use. Both are the result of the EC's encouraging its own production at high prices, isolated from import competition by variable levies.

Soybeans and some other commodities, notably corn gluten feed, are not subject to the variable levy, and exports of these commodities to the EC have more than offset the decline in exports of grains. Exports of soybeans, at about $4 billion annually, and corn gluten feed,

worth $600-$700 million, now represent more than half of all U.S. agricultural exports to the EC.

Future access for these commodities is by no means assured. There has been almost a perennial threat to soybean access to the Community. The latest, a proposal for an internal tax on vegetable oils, was turned back when the EC Commission laid the proposal aside in the face of strenuous U.S. objections.

The threat to non-grain feed ingredients, particularly corn gluten feed, remains. Certain voices in the EC advocate unbinding the zero duty bound in the GATT, citing the growth in imports of corn gluten and fears that rising output of corn sweetener and ethanol will sharply increase imports.

We have pointed out that price is largely the reason for the increase. Corn gluten prices in the United States usually have run about 25 percent higher than domestic corn prices, whereas the price of corn gluten in the EC has run as much as 20 percent below EC corn prices due to the EC's high price supports.

There are other problems of access and these will be magnified with the accession of Greece this year, and the expected addition of Spain and Portugal in the future. We are following the situation very closely and will protect U.S. trade interests, particularly as they relate to GATT.

The impact of EC agricultural policies is becoming even more serious for U.S. trade interests in third country markets, with the EC adopting an increasingly aggressive export policy, using subsidies to dispose of surplus production in the world market. The Subsidies Code negotiated in the MTN permits export subsidies on primary agricultural products, but not to the detriment of another country's markets.

Under the impact of subsidies, the EC emerged as a net exporter of grain in 1980/81 for the first time in its history, a marked contrast with the 1960's, when the EC imported a net total of approximately 20 million tons of grain per year.

These shipments have disrupted trading patterns and challenged market shares of traditional exporters, including the United States. The EC's share of the world wheat trade in 1980/81 was about 15 percent. This compares with 11.7 percent the previous year and an average of 8 percent in the early 1970's.

The aggressive export subsidy practice has been extended to other commodities; poultry, sugar and pasta, to name three. We are increasingly facing competition from EC export subsidies in third country markets, and even in our own market, where we must protect U.S. producers from prices that are depressed on world markets as one consequence of the Community subsidies policies.

EC exports of dairy products, for example, increased from 472,000 metric tons in 1976 to 1.4 million metric tons in 1980. Sugar exports have gone from 2.1 million tons in 1976/77 to 4.5 million tons in 1980/81. The EC shipped over 600,000 tons of meat abroad in 1976; these same shipments totaled 816,000 tons last year. In the process, the EC has become the world's largest poultry exporter and second largest beef exporter.

As you might expect, the EC policies are causing concern to agricultural interests in other countries.

The Australians, for example, are worried about their trade in commodities such as beef, canned fruit, sugar and wheat flour. They, along with Brazil, have taken GATT action against the rapid expansion of sugar production in the Community along with the EC policy of subsidized sugar exports.

The cost of the CAP is causing concern in the Community itself. Costs have risen from $7.7 billion in 1976 to $14.4 billion in 1980, and now represent about 60 percent of the European Community budget.

So, once again, the Community is talking about reform of the CAP.

This is the sixth such proposal, and we are concerned that the present debate, like some of the these that have taken place in the past, will not focus on the essential problem, despite responsible voices that are being raised in these discussions. They are urging that internal, rather than external, solutions be pursued.

Meanwhile, we are taking a number of actions to deal with the situation:

— We are discussing our concerns directly with EC officials at the highest possible levels to be sure they do not underestimate our intention to take corrective action. Secretary Block himself made the U.S. position in this regard very clear in meetings last May and June with officials of the European Community and the member states, and he will be doing the same tomorrow in a meeting with EC Commission

President Gaston Thorn, along with Secretaries Haig and Baldrige and U.S. Trade Representative Brock.

— We are seeking support from other major agricultural trading countries and will support them in turn in their efforts to press the Community on its trade policies.

— We are taking several specific issues to the dispute settlement procedures provided in the GATT and the Subsidies Code. Among the commodities involved are wheat flour, poultry, sugar, pasta and citrus.

— We are monitoring EC actions, and as necessary we will identify other actions that we can take to counter new unfair practices by the Community either on our own or in cooperation with other countries.

I believe that the Community understands the U.S. position. We are willing and eager to cooperate in seeking equitable solutions to the trade issues between us, but if, this approach fails, we will do whatever is necessary to defend our trading rights.

That concludes my statement, Mr. Chairman. I will try to answer any questions you may have.

#

**Statement by Secretary of Agriculture John R. Block before the Foreign Agricultural Policy Subcommittee of the Senate Committee on Agriculture, Dec. 16, 1981**

I appreciate the opportunity to report to the Subcommittee on the meeting December 11 with President Thorn, Agriculture Commissioner Dalsager, and other members of the European Community Commission.

I understand that you will hear tomorrow from the other U.S. Executive departments participating in the meeting—State and the Office of the U.S. Trade Representative—so I will focus on agriculture.

In my view, the meeting achieved its purpose, which was to air U.S.-EC trade and economic problems and lay the groundwork for dealing with issues that contain the potential for serious conflicts.

I think there emerged a common commitment to a continuing close U.S.-Community relationship and a determination to manage the problems that confront us through closer communication and consultation.

Significantly, there was a general recognition that agricultural issues offer the greatest challenge and will require the most intensive efforts to arrive at satisfactory solutions.

Before turning to some of the specifics, I would like to say that the Brussels meeting, with the participation of the other U.S. Cabinet officers, clearly signaled the end of the piecemeal approach that has been followed by the United States in the past in dealing with the adverse effects of EC policies on U.S. agricultural trade.

U.S. agriculture has the full support of this Administration in a unified effort against the EC practices that we believe are unfairly detrimental to U.S. agriculture. This was amply demonstrated by Secretary Haig and U.S. Trade Representative Brock at the meeting in Brussels.

As you know, the meeting was for me something of follow-up to meetings I had with EC officials last spring. It gave me a chance to discuss with them my views of what has been done toward resolving the issues that I raised on my earlier visit.

Unfortunately, I told them, almost nothing had been done; there has been no progress. To the contrary, the situation has deteriorated, and agricultural relations between the Community and United States have become increasingly strained.

I warned that opinion in the United States—in the Government and in the farming Community—is increasingly focused on what we consider to be threats to legitimate U.S. agricultural trade interests by EC activities.

We are, of course, pleased that the community is no longer actively considering the imposition of a tax on vegetables fats and oils, and I told them so. However, with this threat to our soybean trade laid aside, at least temporarily, pressure continues from some EC sources to limit non-grain feed access, and there has been no sign of any change in the increasingly aggressive export subsidy policies.

I pointed out that the rash of petitions being filed under Section 301 of the Trade Act of 1974 against EC subsidy practices reflects genuine concern on the part of U.S. producers, and that these are valid concerns.

As one example, subsidies have helped push EC wheat exports to 14 million tons, double their wheat exports three years ago, with a

depressing effect on world prices. This has cost U.S. producers 50 cents a bushel on their wheat sales this year, and it will add about $400 million to the cost of the U.S. Government's domestic wheat program next year.

I pointed out that U.S. farm producers are willing and able to compete with other producers in any market, but they are not willing and not able to compete with foreign treasuries, nor should they be asked to do so. I urged on the EC officials that the Community must come to grips with the fundamental problem, which is surplus production encouraged by high levels of protection and disposed of by export subsidies.

I made it clear, as Secretary Haig had before me, that we are not attacking the Common Agricultural Policy, but the effects of the methods used to implement the policy.

In this regard, Commissioner Dalsager noted that the Commission had proposed new guidelines for the CAP in October. He said these would set some limits on EC production by withdrawing price protection when production targets are met and move EC cereals prices closer to world prices.

I told him we applaud this change in direction, but remain skeptical in view of the continuing trend to overproduction on sugar, wheat and dairy products and a projected 4 to 7 percent increase in EC prices while world prices are declining.

In summarizing the Community's views, Commissioner Dalsager affirmed the commitment to the CAP. He noted that 8 percent of the Community work force is engaged in agriculture and that farm incomes have declined for the last three years.

He said the Community subsidies policies are not intended to disrupt the world market. He said the Community will abide by its subsidies obligations under the GATT. The GATT permits subsidies of primary agricultural products, but not when they are unfairly detrimental to the exports of other countries. He noted that complaints may be dealt with through the GATT framework.

The Commissioner said the two major EC concerns with U.S. agriculture are the growing size of the U.S. dairy surplus, which led to the butter sale to New Zealand, and the increase in EC imports of corn gluten feed.

I pointed out that the Reagan Administration had fought for a zero increase in dairy price supports, and that we ultimately accepted an increase of only one percent in order to control production and equalize supply with demand.

As for the corn gluten issue, I noted that the zero duty binding— and the binding for soybeans—had been negotiated in the GATT and paid for, and that since both the EC and the United States accepted their GATT obligations, these duties should not be called into question.

I reaffirmed what I had said last spring: that we will make every effort to resolve our difficulties without confrontation, but that we will defend our legitimate trade interests, and we will not accept impairment of our access, or displacement of our trade in third countries as a result of heavily subsidized EC exports.

This was a worthwhile meeting. I think those who participated left with a greater appreciation of the interests that bind the Community and the United States as well as a better understanding of our differences. I was pleased at the recognition by all participants of the difficulty of the agricultural issues between us, and the determination to intensify efforts to work for solutions.

The dialogue will continue, and we in the United States intend to do our part to see that there is movement, and movement soon, toward those solutions.

That concludes my statement Mr. Chairman. I will try to answer any questions.

#

# News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

## USDA ANNOUNCES CHANGE IN CCC INTEREST RATE POLICY

WASHINGTON, Dec. 7—Beginning Jan. 1, the interest rate on Commodity Credit Corporation loans will be set at the rate charged CCC by the U.S. Treasury during the month that the loan is issued, according to Secretary of Agriculture John R. Block.

Loans disbursed since April 1, 1981, and which have interest rates subject to change, will have their interest rates adjusted Jan. 1. These loans, which currently have a 14.5 percent interest rate, will be adjusted to the interest rate charged CCC by the Treasury in January. Previously, CCC interest rates were set semi-annually—on April 1 and Oct. 1.

The interest rate paid by CCC has declined from a peak of 16.75 percent in October to 13.625 percent this month. Farmers should benefit from this downward trend in interest rates, Block said.

#

## 13 HERDS FOUND INFECTED WITH BOVINE TUBERCULOSIS DURING FISCAL YEAR 1981

WASHINGTON, Dec. 7—Thirteen livestock herds containing nearly 4,000 animals were found to be infected with bovine tuberculosis during the fiscal year which ended Sept. 30, U.S. Department of Agriculture officials said today.

"This continues the generally decreasing trend of tuberculosis infection in U.S. cattle herds during the past ten years," said Dr. Ralph Hosker, a veterinarian with USDA's Animal and Plant Health Inspection Service. "In 1971 there were 67 herds found infected with the disease."

All animals in the 13 herds were slaughtered to eliminate the disease and the owners were paid a total of $1.4 million in federal indemnities, Hosker said.

"We're inclined to forget that bovine tuberculosis is also a human disease," Hosker said. "Bovine tuberculosis can cause hunchback, which

rarely occurs today. The disease was usually spread by humans drinking raw, unpasteurized milk or by handling infected raw meat. Today's meat inspection programs and milk pasteurization are designed to help protect people from the disease.

"Tuberculosis is an insidious disease with a delayed incubation that may have a long-term effect on exposed animals remaining in a herd," he said.

"The last 5 herds authorized for destruction during the 1981 fiscal year had 550 cattle and 5 swine," Hosker said. These herds were located in Vermont, West Virginia, Illinois, Kentucky and Puerto Rico.

"Thanks to a broad range of detection and surveillance techniques, we are able to find and remove these sources of tuberculosis infection," Hosker said. "If left undetected, they could have spread the disease unknowingly to other herds."

Hosker said the Vermont herd was a 185-head dairy operation near Enosburg Falls. The infection was found through tuberculin testing required in the communities where the milk was sold.

Meat inspectors helped find the disease in three other herds when they reported lesions resembling those of tuberculosis in the carcasses of slaughtered cows. USDA officials traced the animals to their owners and confirmed these infections through testing and laboratory diagnostic procedures: 166 head of cattle near Bloit in Boone County, Ill.; a 66-head herd near Capon Bridge, W.Va.; and 85 cattle and 5 swine at Summer Shade in Metcalfe County, Ky.

Also, Hosker said, APHIS authorized the slaughter of a 45-head herd at Naguabo, Puerto Rico, because animals had been intermingled with another herd found to be infected this past summer.

The other eight herds destroyed during fiscal year 1981 were: three in Alabama, two in Puerto Rico and one each in Arkansas, Texas and Hawaii.

Hosker said veterinarians confirm infection in cattle herds by tuberculin testing, examining carcasses of those with positive test reactions, and culturing tissues with lesions resembling tuberculosis. The APHIS National Veterinary Services Laboratories at Ames, Iowa, does the diagnostic laboratory work. An infection is confirmed only after the causative bacterium, Mycobacterium bovis, is isolated.

Federal and state officials check for tuberculosis through meat inspection reports, milk ordinance testing, screening tests and testing of livestock for sales, shows, interstate and export shipments. In addition, veterinarians on occasion test all herds adjacent to an infected herd or within a designated area.

Whenever herds are destroyed, the premises must be thoroughly cleaned and disinfected and remain free of livestock for at least 30 days.

Hosker said infected or exposed herds are destroyed whenever possible, since the disease returns some 25 to 30 percent of the time when less stringent measures are undertaken.

The cooperative state-federal bovine tuberculosis program began in 1917 when about five percent of all cattle were infected. Now, the infection rate is less than one-tenth of one percent, he said.

#

## MICHAEL E. BRUNNER APPOINTED FmHA ASSOCIATE ADMINISTRATOR

WASHINGTON, Dec. 14—Michael E. Brunner, U.S. Department of Agricu!' e legislative officer and former congressional aide, today was appointe. associate administrator of the Farmers Home Administration by Secretary of Agriculture John R. Block.

FmHA is the rural credit agency of USDA that provides credit assistance to rural residents unable to obtain commercial credit.

As associate administrator, Brunner will help direct the activities of about 8,500 full-time employees in the national office in Washington, D.C., and in 344 state and district offices and more than 1,950 county offices.

As a USDA legislative officer, Brunner specialized in marketing and inspection services for seven agencies under Assistant Secretary C. W. McMillan.

Before joining USDA in April 1981, he was director of congressional relations for the American Meat Institute in Washington. Previously, he served as legislative assistant to Rep. Garry Brown (R.-

Mich.) from 1975 to 1977, and to Rep. Orval Hansen (R.-Idaho) from 1973 to 1975.

In 1972 and 1973, Brunner was assistant director of administrative services for the Education Commission of the States, Denver, Colo., and served on the audit staff of the CPA firm of Ernst and Ernst in Denver from 1970 to 1972.

As an army captain, he was detachment commander of a preventative medicine unit in Korat, Thailand, from 1968 to 1969. He also was an accounting instructor on the faculties of the University of Indiana and Bowling Green State University. Brunner, 38, is a graduate of Bowling Green State University, Bowling Green, Ohio, where he received his bachelor of science and master of business administration degrees. He also earned a master of public administration degree at George Washington University, Washington, D.C.

He and his wife, Elizabeth, live in Arlington, Va., with their 11-year-old twin sons, Alan and Jeff. Brunner is active in community activities, serving as deacon of the Little Falls Presbyterian Church and as a member of the Arlington County School Board.

#

## SECRETARY ISSUES STATEMENT ON CREDITS FOR POLAND

WASHINGTON, Dec. 15—The administration's decision to hold new credits for food to Poland in abeyance does not affect supplies already earmarked for delivery or those that could be sold on a cash basis by private parties, according to Secretary of Agriculture John R. Block.

"It should be clearly understood that this action does not constitute an embargo," Block said. "The suspended food package involved credit for emergency feed grain we had considered offering to Poland last week. But after learning of the later developments, we believe it best to withhold any decisions on that matter until after the situation clarifies."

Block said the suspension will not affect agricultural supplies that are already in the pipeline, nor any future non-credit sales to Poland.

"If the Polish government has the cash, then they are free to buy farm products from us," Block said. "Keeping trade channels open is a priority of this administration."

#

## CHINA AND U.S. TO EXCHANGE 12 SCIENTIFIC TEAMS IN 1982

WASHINGTON, Dec. 17—China and the United States each will exchange 12 scientific and technical teams in 1982, Thomas Hammer, a U.S. Department of Agriculture official, said today.

Hammer, USDA deputy under secretary for international affairs and commodity programs, who just returned from a meeting with Chinese officials in Beijing, said the exchanges are part of the agreement between the two countries to continue the exchange of scientific and technical knowledge started in 1979.

Hammer led the seven-member U.S. delegation to Beijing to the third meeting of the U.S.-Peoples Republic of China working group which makes the final selection of cooperative scientific and technical exchange activities between the two nations.

He Kang, vice minister of the State Agricultural Commission, led the Chinese delegation. Hammer said He Kang viewed the mutual participation in cooperative programs as a way of strengthening relations between the U.S. and China.

U.S. priorities in the negotiations were focused on enhancing trade, extending U.S. research and conservation efforts to benefit both countries, Hammer said. Plans also were made to hold a soybean symposium in 1982.

Hammer said the exchange of swine germ plasm and collaboration in the soybean symposium are of high mutual interest. China is the native home of the soybean.

He said the transfer of swine germ plasm also is interesting because it will benefit research programs designed to improve swine in both countries.

U.S. exchange teams also plan to study Chinese approaches to forest reproductive biology, biomass energy production, fungus control in grain under stored conditions, agricultural forecasting methods and integrated pest management.

The Americans will visit Chinese scientists and research facilities and participate in field demonstrations of arid zones in China where vegetation and climate are most similar to the U.S. Southwest.

The first group of exchanges for 1982 will begin in the first quarter of next year. The Office of International Cooperation and Development will administer and manage the program for the U.S. side.

#